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UNCLAS SECTION 01 OF 02 ABIDJAN 001133

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STATE FOR EB/TPP/ABT THOMAS LERSTEN, USTR FOR FLORIE LISER  
(AF), ABIOLA HEYLINGER (TEXTILES), TIM STRATFORD (CHINA),  
COMMERCE FOR ITA/OTEXA MARIA D' ANDREA

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TAGS: [ECON](#) [ETRD](#) [KTEX](#) [IV](#)  
SUBJECT: COTE D'IVOIRE: TEXTILE AND APPAREL PRODUCTION

REF: A) STATE 138090

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¶1. (U) Per REF A request, Post provides the following information on Cote d'Ivoire's textile and apparel production sector.

¶2. (U) The National Statistical Institute's (INS) Division of National Accounts (INSAE) provided the following statistics on total industrial production and total textile and apparel production:

-- 2004 Textile and Apparel Production: \$61.1 million (2005 unavailable)  
-- 2005 Industrial Production: \$1.0 billion  
-- 2005 Total Production of Goods (i.e. non-services): \$2.74bn

¶3. (U) EconChief and EconOff met with an executive of the Ivorian Employers' Association (UGEI, the association of major industries), the Director General of Uniwax, the only remaining producer of fabric in Cote d'Ivoire, and Cote d'Ivoire's delegate to the WTO to discuss the state of the textiles and apparel industry in Cote d'Ivoire. Eager to discuss the impact of the ongoing political crisis as well as that of the influx of Chinese-made cloth and apparel, the group provided the following statistics:

-- Textile and apparel exports are minimal. Uniwax exports approximately \$1m annually in high-end African print fabrics, mainly to Italy and Spain. Exports of apparel are de minimis; Ivorian apparel production itself is at the semi-artisanal level, with no large or medium-scale industry.

-- Textile and apparel imports are substantial. While authorities and industry were unable to provide statistics on overall levels, imports of both, overwhelmingly from Asia and particularly from China, dominate the market.

-- Exports of both textiles and apparel to the U.S. are at near de minimis levels. Wrangler has a small facility here employing 50 workers (down from a high of 750) stitching apparel using cloth imported from Asia, but overall volume and value is very low. Textile and apparel exports to the U.S. are a very small fraction of the \$1m in approximate aggregate exports.

-- Total manufacturing employment in both textiles and apparel stands today at approximately 4000, vs. some 10,000

in 2002, prior to the commencement of civil conflict and the division of the country. Figures for total manufacturing employment were unavailable.

14. (U) Uniwax's DG and UGECI's representative stated that, while perhaps 20% of the decline in Cote d'Ivoire's textile and apparel manufacturing sector can be attributed to the impact of political problems, a full 80% can be ascribed to the impact of Asian, especially Chinese, competition. Of the three textile mills operating in Cote d'Ivoire as of mid-2002, one is closed, one is operating at 15-20% capacity, and the third is operating at 80%. Remaining textile production feeds primarily into Uniwax's mill.

15. (U) Cote d'Ivoire is the 4th largest cotton producer in Africa, but only a tiny percentage of its raw cotton is used as a raw material in Ivorian industry. Uniwax uses 6,000 tons of raw cotton annually, down from 20,000 tons pre-2002. This stands in contrast to overall cotton production of some 100,000 tons annually.

16. (SBU) Chinese competition is widely understood to be the chief cause of local industry's decline. Interlocutors cited advantages Chinese manufacturers have that local production cannot match, such as state-supported corporate structures, subsidized energy costs, low-to nonexistent worker benefits, and labor costs as low as 1/4 of those paid in Cote d'Ivoire. They also asserted that Chinese apparel frequently enters Cote d'Ivoire fraudulently, via underdeclared shipment values and distributed through informal, untaxed networks, escaping the 18% VAT and 20% customs fees. Chinese apparel imports are so cost-competitive that they are significantly cutting into the sales of second-hand clothing, long the biggest source of clothing for the mass market.

7) (U) Remaining cloth production, increasingly at the high-end of the market, is projected to stay competitive.

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Its high quality and frequent design changes are difficult for copycat Asian fabric makers to follow.

8) (U) Interlocutors do not see even the possible resumption of AGOA (suspended in since January 1, 2005) as sufficient to revive the fortunes of Ivorian textile and apparel manufacturers in the face of Asian competition. Absent a "miracle," even slashing developed world cotton subsidies, according to interlocutors, would not spur growth in the textile/apparel industrial sector.

Valle